Comparing Medicare Prescription Drug Plans

All Medicare beneficiaries will be eligible to join a prescription drug plan through Medicare starting November 15, 2005 for coverage beginning January 1, 2006. Enrollment continues through May 15, 2006. The new drug coverage provides security both now and in the future, by protecting you against high out-of-pocket prescription drug costs. There are many choices of plans and you have the opportunity to pick the plan that is best for you. Plans differ in monthly premiums, deductibles, and the co-payments that you will be charged for the drugs you use, as well as other features. In picking a plan that saves you the most on the cost of your medicines, consider all of these factors and questions when comparing plans:

1. COVERED DRUGS - Plans will have a formulary, which is a list of drugs covered by the plan. To have lower costs, many plans place drugs into different formulary "tiers." The amount you pay for a specific medicine will depend on which tier it is in. You will want to compare formularies when you look at different plans.

- ☐ Does the plan's formulary cover my medications?
- ☐ What tier are my medications in?
- ☐ Does the plan require "prior authorization" on the drugs that I take (approval from the plan prior to filling the prescription)?

Here is an example of how a plan might form its tiers:
Tier 1 – Generic drugs. Tier 1 drugs will generally cost you the least.
Tier 2 – Preferred brand-name drugs. Tier 2 drugs will generally cost you more than Tier 1 drugs.
Tier 3 – Non-preferred brand-name drugs. Tier 3 drugs will generally cost you more than Tier 1 and Tier 2 drugs.

✓ **Tip:** In general, you will pay less out-of-pocket per prescription if you choose a plan that covers your drugs in the first or second tiers. You will also have an easier time accessing your medicines if you choose a plan that does not require prior authorization for your medicines. However, once enrolled, your plan must notify you if it chooses to change how it covers your medicine. At any time, you may appeal the plan's coverage decision. If later you decide you would like to change plans to one that better fits your needs, you may do so each year during the annual election period (November 15 – December 31).

2. COST

a. Premium – The amount you pay per month for prescription drug coverage.

- ☐ What is the plan's monthly premium?

✓ **Tip:** If you don't currently take any prescription medicines, it is still important to join a plan before May 15, 2006 to avoid the premium penalty for delayed enrollment. In this case, it may be best to enroll in a plan where you pay a lower monthly premium. Remember you can switch plans every year during the annual election period (November 15 – December 31).

b. Deductible – The yearly amount you pay before the Medicare drug plan begins to pay. Plans' deductibles range from $0 to $250.

☐ What is the plan's deductible?
☐ How likely is it that I will exceed the deductible?

c. Co-payments and Co-insurance – The term for your share of the cost of a prescription. Most Medicare drug plans place covered drugs into "tiers", which determines the cost you pay out-of-pocket for your medicine. For example, you may pay a flat amount for each prescription (e.g., $10), called a "co-pay," or you may pay a percentage of the cost (e.g., 25%), called "co-insurance." Co-pays for drugs on lower tiers are less than those for drugs on higher tiers.

☐ How much are the co-payments or co-insurance for my generic drugs?
☐ How much are the co-payments or co-insurance for my brand name drugs?

d. Coverage Gap – The coverage gap describes when the plan makes no contribution to drug costs and you must pay 100 percent for drugs out of your own pocket until you reach a pre-set maximum. You'll hear some people call this step "the doughnut hole," or "gap". However, you'll still have access to discounts on the price of your drugs in the coverage gap. ***Important: Some plans offer coverage in the coverage gap.***

☐ Does the plan have a "coverage gap"?
☐ How likely is it that I will reach or exceed this gap?
☐ If the plan offers coverage in the gap, does it cover my medicines? (Some plans only cover generic drugs in the coverage gap while others cover generic and brand drugs.)

✓ **Tip:** If you are unlikely to reach the "coverage gap", you may want to choose a plan that offers a lower premium with no coverage in the coverage gap. Remember you can switch plans every year during the annual election period (November 15 – December 31). However, if you are very likely to reach or exceed the coverage gap, you may want to consider joining a plan that offers coverage for generic or brand drugs during the "coverage gap".

3. CONVENIENCE

☐ Can I get my prescriptions at my favorite pharmacy or a pharmacy close to where I live?
☐ Do I spend part of each year in another state? If so, are pharmacies in both states covered?

✓ **Tip:** If you spend part of each year in another state you should consider a national plan which would include pharmacies in both states. If you prefer to get your medicines through a mail order service, choose a plan that offers a mail order option.

You can get information about Medicare drug plans by going to www.medicare.gov, calling 1-800-MEDICARE, or calling the plan directly.